

# The Jefferson EDGE

Business Start-Up Kit

Jefferson Parish  
Louisiana

**JEDCO**  
Jefferson Parish Economic Development Commission



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## **Starting A Business Checklist**

### **Jefferson Parish – Business Information Sheet**

**Educate Yourself:** Understand the full implications of your decision to start a business. Define the products or services you will be providing. Seek financial and management advice (business organizations, professionals, the Small Business Administration, Chamber of Commerce and Trade Associations, etc.) Check local zoning and parking regulations.

**Ask Yourself Tough Questions:** Is your planned product or service actually needed in today's competitive market? What is your distinct advantage? How much will it cost, and what are the risks as compared to the rewards?

**Prepare a Business Plan:** Proper planning is essential. A business plan should show where you are, where you want to go and how you plan to get there with specific goals and objectives. In addition, develop a financial plan, including profit and loss projections and loan requirements.

**Decide on the Legal Structure of Your Business:** The decision to be a proprietorship, partnership or corporation will affect taxes, legal requirements and insurance requirements.

**Meet Licensing Requirements:** In most cases, licensing should be the final step in establishing yourself in business. When the time for licensing does come, be sure all the necessary licenses are in order.

### **Once You Have Decided to go into Business, You Need To:**

Call the Jefferson Parish Inspection & Code Enforcement Department (736-6950) for license or permit information as well as federal, state or local regulations which affect your business.

Understand federal, state and local tax laws (Internal Revenue Service 1-800-829-1040, or Louisiana Department of Revenue and Taxation 568-5237).

Learn about management issues (local Chamber of Commerce, universities, colleges, adult education programs, Small Business Administration seminars, etc.) Most businesses have problems because of management errors in planning and implementation.

File necessary forms to register with the Secretary of State's Office (225-922-1000) if your business will be a corporation or a limited partnership. If you will be a sole proprietorship or general partnership, you must register your trade name with the Jefferson Parish Clerk of Court Office, (736-6390). The form to accomplish this can be provided by the Department of Inspection and Code Enforcement. If you will be selling tangible property, you should complete Parish and State sales tax applications. Apply with the IRS — form SS4 — (online at [www.irs.gov](http://www.irs.gov)—keyword EIN — fast and free) for your Federal and State Tax I.D. number, also referred to as your Employer Identification Number (EIN).

### **If You Will Have One or More Employees:**

Fill out and submit to the Louisiana Department of Revenue and Taxation, State Income Tax Section 568-5233, the Consolidated Employer Registration Form. This will establish the required state employee-related accounts.

Fill out and submit the federal form SS4, the application for your federal employer identification number, contact the IRS, 1-800-424-1040, for withholding coupons and Publication #15, Employer's Tax Guide. If you require faster service, phone 1-901-365-5970.

Call the Louisiana Department of Labor, 838-5255, for wage and hour posters regarding Louisiana minimum wage laws. All employers operating in Louisiana are required to provide Louisiana Worker's Compensation coverage to their employees; even if the employee is working on temporary assignments.

**Occupational License Requirements For Unincorporated Jefferson Parish**

**Step I To Incorporate Your Business Contact the Secretary of State's Office** *(Verify if the name you have chosen for your business is not already taken)*

**LA Secretary of State Office**

State Capital  
P.O. Box 94125  
Baton Rouge, LA 70804  
(225)922-1000

**Business Corporations Division**

(225)925-4704

<http://www.sos.louisiana.gov/Home.aspx>

**Commercial Division Corporations Database**

<http://www400.sos.louisiana.gov/app1/paygate/crpinq.jsp>

**Step II Obtain Zoning Clearance Slip****Inspection & Code Enforcement**

1221 Elmwood Park Blvd., Suite 101  
Jefferson, LA 70123  
(504)736-6957

**Westbank Office**

400 Maple Avenue  
Harvey, LA 70058  
(504)364-3512

**Step III Affidavit To Register Trade Name Must Be Notarized** *(Parish Attorney's Office will notarize)***Parish Attorney's Office**

1221 Elmwood Park Blvd, Suite 701  
Jefferson, LA 70123  
(504)736-6300

**West Bank Office**

New Courthouse Building, Room 5200  
Gretna, LA 70053  
(504)364-3822

**Step IV Register the Trade Name of the Business Locally****Clerk of Court Office (fee required)**

1221 Elmwood Park Blvd., Suite 603  
Jefferson, LA 70123  
(504)736-6390

**Westbank Clerk of Court**

200 Derbigny Street  
3rd Floor Gretna Courthouse  
Gretna, LA 70054  
(504)364-2944

- You may search the clerk of court's records in Gretna to see if this name has been registered locally.

**Step V Submit the Completed Application to J.P. Sheriff's Office****Occupational License Division****\$50.00 Start-Up Fee****Eastbank Location**

Not Available

**Westbank Locations**

200 Derbigny Street, Suite 1200  
1st Floor Gretna Courthouse  
Gretna, LA 70053  
(504)363-5637

1233 Westbank Expressway  
Room 425  
Harvey, LA 70058  
(504)376-2459



**Transportation Businesses (Such as Taxicab Services & Limousine Services)**

**Taxicab Section**

**\$200.00 Start-Up Fee** (please inquire)

118 David Drive  
Metairie, LA 70003  
(504)736-6944

**Liquor License Information**

Jefferson Parish Sheriff's Office  
200 Derbigny Street, Suite 1200  
Gretna, LA 70053  
(504)832-2461

Louisiana State Liquor License  
325 Loyola Avenue, Suite 306  
New Orleans, LA 70112  
(504)568-7068

**For Business Domiciled Within Incorporated Municipalities Contact the Appropriate Municipality Listed Below:**

**City of Gretna**

2nd and Huey P. Long Avenue  
Room 105  
Gretna, LA 70053  
(504)363-1555

**City of Westwego**

419 Avenue A  
Westwego, LA 70094  
(504)341-3424

**City of Harahan**

6437 Jefferson Highway  
Harahan, LA 70123  
(504)737-6383

**Grand Isle Town Hall**

Ludwig Lane  
P.O. Box 200  
Grand Isle, LA 70358  
(504)787-3196

**City of Kenner**

1801 Williams Boulevard, Building B  
Kenner, LA 70062  
(504)468-7200

**Town of Lafitte**

Town Clerk's Office  
2654 Jean Lafitte Boulevard  
Lafitte, LA 70067  
(504)689-2208

**For Small Business Assistance**

**Louisiana Small Business Development Center  
Greater New Orleans Region**

Carmen Sunda, Director  
Internet Address: [www.lsbdc.org](http://www.lsbdc.org)

LSBDC Greater New Orleans Region  
3330 N. Causeway, Suite 422  
Metairie, La. 70002  
(504) 831-3730 office  
(504) 831-3735 fax



**Louisiana Economic Development**

Stephen Moret, Secretary  
Internet Address:  
<http://www.louisianaeconomicdevelopment.com>

Louisiana Economic Development  
P.O. Box 94185  
Baton Rouge, LA 70804-9185  
(800) 450-8115 | (225) 342-3000 office  
(225) 342-9095 fax

## Parish Tax Information:

### Sales/Use Tax

The Parish of Jefferson, the Jefferson Parish School Board, and other political taxing subdivisions of Jefferson Parish levy local sales/use taxes. With the exception of the Airport District Tax, sales/use tax rates are uniform throughout the Parish and are in addition to the sales/use tax imposed by the State of Louisiana. Sales/use taxes must be remitted by businesses on or before the twentieth (20) day following the month of collection on a variety of transactions. These transactions include:

- the retail sale of tangible personal property; the use, consumption, distribution or storage for use or consumption of any tangible personal property
- the lease or rental of any item or article of tangible personal property
- the furnishing of rooms by hotels, motels and tourist camps, and

the sale of certain services, including, but not limited to, sales of admission to places of amusement, athletic, and recreational events or the privilege of access to amusement, entertainment, athletic or recreational facilities, the furnishing of printing or overprinting, storage or parking privileges, cold storage space, laundry cleaning, pressing and dyeing services, and repairs to tangible personal property.

A person who purchases, imports, or receives property and services subject to tax or who is the lessee or rentee of tangible personal property, on which vendors did not collect the proper sales taxes, is liable for the payment of taxes directly to the Bureau of Revenue and Taxation.

Please consult the General Registration instructions for additional information regarding sales/use tax.

### Hotel Occupancy Tax

In addition to the sales tax levied on the furnishing of rooms by hotels, motels, and tourist camps, an occupancy tax is imposed on the paid occupancy of hotel/motel rooms located in the Parish of Jefferson. A separate tax return is used to report these sales.

### Airport District Tax

In addition to the sales/use tax imposed on transactions occurring in Jefferson Parish, an additional levy is imposed on the sale at retail and/or rental of tangible personal property originating within the New Orleans Airport Sales Tax District. A separate tax return is used to report these sales.

## Parish Tax Information: (cont'd from previous page)

### Occupational License Tax

Each person pursuing any trade, profession, vocation, calling, or business within Jefferson Parish is required to file and pay the occupational license tax. The tax, based upon your business classification and gross receipts or commissions, has a minimum of \$50.00 per business location. Occupational license tax renewals are due January 1st of each year and become delinquent March 1st.

If your business is located within the corporate limits of Grand Isle, Gretna, Harahan, Kenner, or Westwego, please contact the proper agency listed in **Cities and Towns** for appropriate instructions. Businesses registering with incorporated cities for occupational license tax purposes must also complete a registration form with the Bureau of Revenue and Taxation for gen-

Please consult the General Registration instructions for additional information regarding the occupational license tax.

### Chain Store Tax

A chain store tax is imposed on retail businesses having multiple locations under the same general management, supervision, ownership, control and who are commonly recognized as a member of a chain and as a branch store. The tax, based on the number of stores nationwide, is imposed on each store within this jurisdiction.

If your business is located within the corporate limits of Gretna or Harahan, please contact the proper agency listed in **Cities**

Please consult the General Registration instructions for additional information regarding the chain store tax.

### Insurance Premium Tax

An annual license tax is imposed on those engaged in the business of issuing life, accident or health insurance policies or other forms of contracts or obligations covering such risk, issuing endowment or annuity policies or contract obligation in consideration of the payments of a premium. This license tax is based on the gross amount of annual premium on all such risks located in the unincorporated areas of Jefferson Parish. Insurance premium tax renewals are due January 1st of each year and become delinquent June 1st.

## Sales Tax Information:

### Rates:

4.75% - General

3.50% - Food/Drug items

3.75% - Hotel/Motel room rentals

2.00% - Airport District \*

Sales/Use Tax Listings (all rates and levies of sales taxes are parish-wide except for the Airport Tax District).

\* The New Orleans International Airport Tax District levies a 2.0% tax, in addition to the general levy, on all sales and rentals occurring within the airport facility.

### Levies (General):

2.5% - Parish Council

2.0% - Parish School Board

0.25% - Law Enforcement District

## Parish Departments

### Electrical Division

#### **East Bank Office**

1221 Elmwood Park Blvd.  
Jefferson, LA 70123  
(504)736-6935

#### **Mechanical Division**

##### **East Bank Office**

1221 Elmwood Park Blvd.  
Jefferson, LA 70123  
(504)736-6920

#### **Plumbing Division**

##### **East Bank Office**

1221 Elmwood Park Blvd.  
Jefferson, LA 70123  
(504)736-6935

#### **Department of Public Works**

1221 Elmwood Park Blvd., Suite 904  
Jefferson, LA 70123  
(504)736-6764

#### **Jefferson Parish Assessor's Office**

Jefferson Parish Government Building  
200 Derbigny Street, Suite 1100  
Gretna, LA 70053  
(504)362-4100

#### **J. P. Contractor's License (Single Family, R-3 Dev.)**

1221 Elmwood Park Blvd.  
Jefferson, LA 70123  
(504)736-6964

#### **Department of Emergency Management**

##### **Fire Prevention Division**

1221 Elmwood Park Blvd., Suite 704  
Jefferson, LA 70123  
(504)736-6200

#### **Environmental and Development Control**

4901 Jefferson Highway, Suite E  
Jefferson, LA 70123  
(504)736-6440

#### **Planning Department**

1221 Elmwood Park Blvd., Suite 601  
Jefferson, LA 70123  
(504)736-6320

#### **West Bank Office**

400 Maple Avenue  
Harvey, LA 70058  
(504)364-3524

#### **West Bank Office**

400 Maple Avenue  
Harvey, LA 70058  
(504)364-3520

#### **West Bank Office**

400 Maple Avenue  
Harvey, LA 70058  
(504)364-3524

#### **Department of Public Works**

##### **Engineering Division**

1221 Elmwood Park Blvd., Suite 802  
Jefferson, LA 70123  
(504)736-6505



## **How to Write a Business Plan**

### **Writing The Plan**

What goes in a business plan? The body can be divided into four sections:

- 1) Description of the business
- 2) Marketing
- 3) Finances
- 4) Management

Agenda should include an executive summary, supporting documents, and financial projections. Although there is no single formula for developing a business plan, some elements are common to all business plans:

### **Elements of a Business Plan**

1. **Cover sheet**
2. **Statement of purpose**
3. **Table of contents**

#### **I. The Business**

- A. Description of business
- B. Marketing
- C. Competition
- D. Operating procedures
- E. Personnel
- F. Business insurance

#### **II. Financial Data**

- A. Loan applications
- B. Capital equipment and supply list
- C. Balance sheet
- D. Breakeven analysis
- E. Pro-forma income projections (profit & loss statements)
- F. Three-year summary
- G. Detail by month, first year
- H. Detail by quarters, second and third years
- I. Assumptions upon which projections were based
- J. Pro-forma cash flow

#### **III. Supporting Documents**

- A. Tax returns of principals for last three years Personal financial statement (all banks have these forms)
- B. For franchised businesses, a copy of franchise contract and all supporting documents provided by the franchisor
- C. Copy of proposed lease or purchase agreement for building space
- D. Copy of licenses and other legal documents
- E. Copy of resumes of all principals
- F. Copies of letters of intent from suppliers, etc.

Source: U.S. Small Business Administration — [www.sba.gov](http://www.sba.gov)  
Louisiana SBA District Office, 365 Canal St., Ste 2820, New Orleans, LA 70130. (504) 589-6685.

## BUSINESS STRUCTURES

**Individual or Sole Proprietorship** - A business where only you, or your spouse, own the business even though you may have employees.

**Partnership** - A business where two or more people own the business jointly.

**Corporation** - A business which is treated by law as an entity. It has a life separate from its owners or stockholders. Many corporations begin as a sole proprietor or partnership.

**Limited Liability Company** - An entity that is an unincorporated association having one or more members organized and filing articles with the Secretary of State.

**Foreign Corporations** - A corporation organized outside the state may obtain a certificate of authority to transact business in Louisiana by filing an application with the Secretary of State's Corporation Division by appointing a registered agent to accept service of process.

For more information about tradenames, trademarks, servicemarks or the various types of corporations contact the Secretary of State's Commercial Division at (225) 925-4704.

## LICENSES/ISSUING AGENCY

### State Sales Tax I.D Number

Department of Revenue  
P. O. Box 3863  
Baton Rouge, LA 70821  
(225) 219-7356

[www.revenue.louisiana.gov](http://www.revenue.louisiana.gov)



Internal Revenue Service  
600 South Maestri Place  
New Orleans, LA 70130  
(504) 558-3344

### Department of Revenue Regional Offices:

Baton Rouge - (225) 922-2300  
New Orleans - (504) 568-5223

### Occupational License, Certificate of Occupancy, and Local Sales Tax I.D. Number

Contact your local city or parish authorities (refer to your checklist)

### Workmen's/Unemployment Compensation Insurance

Louisiana Workforce Commission  
Office of Workforce Development  
P. O. Box 94094  
Baton Rouge, LA 70804  
(225) 342-3111

[www.ldol.state.la.us](http://www.ldol.state.la.us)

### Department of Labor Workforce Development Regional Offices:

Baton Rouge - (225) 925-4311  
New Orleans - (504) 658-4500

**Appraisal & Sub-Committee of LA Real Estate & Commission**

5222 Summa Ct.  
Baton Rouge, LA 70809  
(225) 765-0181/(800) 821-4529

**LA Department of Insurance  
Consumer Affairs Division**

P.O. Box 94214  
Baton Rouge, LA 70804  
1-800-259-5300  
<http://www.lidi.la.gov>

**LA Department of Transportation and Development**

P.O. Box 94245  
Baton Rouge, LA 70804  
(225) 379-1232  
<http://www.dotd.state.la.us>

**LA Department of Environmental Quality**

P.O. Box 4301  
Baton Rouge, LA 70821  
(225)219-3953  
<http://www.deq.louisiana.gov/portal/>

**LA Department of Labor**

1001 North 23<sup>rd</sup> St.  
Baton Rouge, LA 70804  
(225) 342-3111  
[www.ldol.state.la.us](http://www.ldol.state.la.us)

**LA Board of Cosmetology**

11622 Sunbelt Court  
Baton Rouge, LA 70809  
(225) 756-3404  
<http://www.lsbc.louisiana.gov>

**LA Office of Social Security**

1616 Joe Yenni Boulevard  
Kenner, LA 70065  
(800) 772-1213  
<http://www.socialsecurity.gov>

**LA State Licensing Board for Contractors**

2525 Quail Drive  
Baton Rouge, LA 70808  
(225) 765-2301/(800) 256-1392  
<http://www.lslbc.louisiana.gov/>

**LA Used Motor Vehicles Commission**

3132 Valley Creek Dr.  
Baton Rouge, LA 70808  
(225) 925-3870/(800) 256-2977  
<http://www.lrumvc.louisiana.gov>

**LA Department of Health & Human Resources**

(Food Services Business)  
111 N. Causeway Boulevard  
Metairie, LA 70001  
**(504) 838-5100, Fax (504) 838-5104**

**LA Department of Health & Human Resources**

**Elderly Group Homes**  
**Mildly Handicapped or Social Dysfunctional Group Homes**  
(225) 642-9905

**LA Department of Health & Human Resources**

**Child Care Center Permits/Dietary Regulations**  
**Environmental Health Division**  
111 N. Causeway Boulevard  
Metairie, LA 70001  
**(504) 838-5100**

**LA State Fire Marshall**

122 Industrial Avenue  
Jefferson, LA 70121  
**(504) 568-5500**  
<http://www.dps.state.la.us>

**Commercial Fishing License**

**LA Department of Wildlife & Fisheries**  
1600 Canal Boulevard  
New Orleans, LA 70112  
**(504) 568-5636**  
<http://www.wlf.louisiana.gov/>

**LA State Board of Private Investigators**

2051 Silverside Dr. Ste. 190  
Baton Rouge, LA 70808  
**(504) 763-3556**  
<http://www.lsbpie.com/>

**Department of Health and Hospitals**

**Health Standards Division**  
**Permitting for Group Homes for Severely Handicapped**  
P.O. Box 629  
Baton Rouge, LA 70821  
**(225) 342-9500**  
<http://www.dhh.state.la.us/>

**Louisiana Department of Natural Resources**

**Coastal Management Division**

P.O. Box 44487

Baton Rouge, LA 70804

(800) 267-4019

(225) 342-7591

<http://dnr.louisiana.gov/crm/coastmgt/coastmgt.asp>

**LA State Land Division**

P.O. Box 44124

Baton Rouge, LA 70802

(225) 342-4600

[www.doa.louisiana.gov](http://www.doa.louisiana.gov)

**Utility Companies**

**Water (East Bank)**

1221 Elmwood Park Blvd., Ste 103

Jefferson, LA 70123

(504) 736-6050

**Water (West Bank)**

3400 West Bank Exprwy

Marrero, LA 70072

(504) 349-5060

**Atmos (gas)**

P.O. Box 650205

Dallas, TX 75265

Customer Service 1-800-621-1867

[www.atmosenergy.com](http://www.atmosenergy.com)

**Entergy (electric)**

P.O. Box 61966 (E.B. mailing address)

New Orleans, LA 70167

P.O. Box 64001 (W.B. mailing address)

New Orleans, LA 70164

1-800-368-3749

1-800 (Entergy)

[www.entergy.com](http://www.entergy.com)

**AT&T (phone)**

85 Annex

Atlanta, GA 30385

**Residential Customers**

1-888-757-6500

**Commercial Customers**

1-866-620-6000

[www.bellsouth.com](http://www.bellsouth.com)



## Insurance Needs

### What you should know...

Before starting your business, you should look into what types of insurance may be required or may be in your best interest to protect your investment, business property and business income. Insurance companies can put together a specialized insurance package to meet the exact needs of your business. While it often makes good business sense to purchase various forms of insurance coverage, don't buy what you don't need! Here are some general classes of insurance what you may want to consider.

### General Business Liability

This is the broadest form of coverage which can protect your business against losses when injury, damage or even death result to another person or their property because of business negligence. You may be responsible for obligations covering medical and disability expenses and even death and funeral expenses to the dependents of one who has been injured. (Your obligations may even extend beyond the general liability for which you assume you are responsible. Read the terms of the insurance contract carefully.) If you manufacture a product, this type of insurance can also cover the goods you produce. Coverage usually applied once you have given the product to someone else who will modify or alter it in some way or distribute it for wholesale or retail sale. Insurance coverage typically relates to the product itself, but may also protect you as the manufacturer should someone experience personal injury or property damage from the use of your product.

### Property Insurance

Property insurance is especially important if you own the property or building where your business is located. As the mortgagee, you can be protected against losses and a loss of income in the event your business experiences damage as a result of natural disaster, fires, burglary or vandalism which may destroy all or part of your property.

### Specific Time Element Coverage or (Business Interruption Insurance)

Because of personal property damage that might occur to your business from either environmental factors, natural disasters or destruction by others, resulting in a loss of business earnings, time element coverage can pay for your loss of income until you are able to begin operating again. Reimbursement is only for the amount of actual loss and coverage limits will vary. Limited coverage for a specific amount of time and a specific amount of reimbursement (for example coverage could be purchased for a 30, 60, 90, or 365 day period and would reimburse you for 50% of your profits) can help pay for your ongoing business expenses.

### Errors and Omission/Professional Liability

This form of coverage is often recommended for employees, owners and directors in the business. Errors and omissions and professionally liability coverage offer protection for employees and owners of the business against lawsuits that may arise as a result of their actions or failure to act for duties performed during the course of business.

### Unemployment Insurance and Workman's Compensation

If there are employees in the business, these types of insurance are required by law. This kit can provide you with applications to open these accounts.

### Bonds

While a bond is not an insurance contract, there are several types of surety bonds businesses can purchase which cover a wide range of losses. Fidelity bonds are designed to protect a business or employer from losses due to the dishonesty of employees, partners or officers in the business. However, the amount of coverage may be limited so you should check with your insurance agent as to the specific amount of coverage necessary.

## **Information by Type of Business Entity**

### **This section contains the following information:**

- Definitions of various entity types
- Which forms each entity type may file
- When you need a new EIN
- When you don't need a new EIN

### **A. Sole Proprietorship**

#### **Definition:**

A sole proprietorship is an unincorporated business that is owned by one individual. It is the simplest form of business organization to start and maintain. The business has no existence apart from you, the owner. Its liabilities are your personal liabilities and you undertake the risks of the business for all assets owned, whether or not used in the business. Include the income and expenses of the business on your own tax return. For more information on sole proprietorships, see Publication 334, Tax Guide for Small Businesses. The trade name (the name under which you do business) must be registered with the Clerk of Court Office (200 Derbigny St., Gretna). There is a \$9.50 registration fee. If business is conducted under the owner's full legal name, it does not have to be registered. However, if the business name includes other things such as Co., Son, or Company, you will have to register the trade name. For more information, call the Clerk of Court Office at 736-6390

#### **Form(s):**

Business profits or losses of a sole proprietorship are reported on Schedule C, Schedule C-EZ, or Schedule F of Form 1040, U.S. Individual Income Tax Return. A sole proprietor may also be required to file other returns (such as employment or excise tax returns).

#### **You will need a new EIN if any of the following are true:**

- You file bankruptcy under Chapter 7 (liquidation) or Chapter 11 (reorganization) of the Bankruptcy Code
- You incorporate
- You are a sole proprietor and take in partners and operate as a partnership
- You are establishing a pension, profit sharing, or retirement plan

#### **You do not need a new EIN if any of the following are true:**

- You change the name of your business
- You change your location or add locations (stores, plants, enterprises or branches of the entity)
- You operate multiple businesses (including stores, plants, enterprises or branches of the entity)

**NOTE:** If you are a sole proprietor who conducts business as a limited liability company (LLC), you do not need a separate EIN for the LLC. A limited liability company is an entity formed under state law by filing articles of organization as an LLC. An LLC owned by one individual is automatically treated as a sole proprietorship for federal tax purposes (referred to as an entity to be disregarded as separate from its owner). Report the business activities of the LLC on your Form 1040 using a Schedule C, Schedule C-EZ or Schedule F.

## B. Corporation

### Definition:

A corporation is defined as a legal entity or structure created under the authority of the laws of a state consisting of a person or group of persons who become shareholders. The entity's existence is considered separate and distinct from that of its members. Since a corporation is an entity in its own right, it is liable for its own debts and obligations. In forming a corporation, prospective shareholders transfer money, property, or both, for the corporation's capital stock. To incorporate, Articles of Incorporation must be filed with the Secretary of State. Do **NOT** try to file Articles of Incorporation until you have checked the availability of the name. A corporation may do business under a name other than its corporate name. This is called a tradename or an assumed name. If you do business under an assumed name or tradename, a tradename affidavit must be filed with the Clerk of Court.

### The following businesses formed after 1996 are taxed as corporations:

- A business formed under a federal or state law that refers to it as a corporation, body corporate, or body politic
- A business formed under a state law that refers to it as a joint-stock company or joint-stock association
- An insurance company
- Certain banks
- A business wholly owned by a state or local government
- A business specifically required to be taxed as a corporation by the Internal Revenue Code
- Certain foreign businesses
- Any other business that elects to be taxed as a corporation, for example, a limited liability company (LLC) by filing Form 8832, Entity Classification Election. For more information, see the instructions for Form 8832.

### Form(s):

Corporations usually file a Form 1120 series return plus other returns that apply (such as employment or excise tax returns).

### The Form 1120 series returns are as follows:

- Form 1120, U.S. Corporation Income Tax Return
- Form 1120-A, U.S. Corporation Short-Form Income Tax Return
- Form 1120-C, U.S. Income Tax Return for Cooperative Associations
- Form 1120-F, U.S. Income Tax Return of a Foreign Corporation
- Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation
- Form 1120-H, U.S. Income Tax Return for Homeowners Associations
- Form 1120-L, U.S. Life Insurance Company Income Tax Return
- Form 1120-ND, Return for Nuclear Decommissioning Funds and Certain Related Persons
- Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return
- Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations
- Form 1120-REIT, U.S. Income Tax Return for Real Estate Investment Trusts

**Forms** (cont'd from previous page)

- Form 1120-RIC, U.S. Income Tax Return for Regulated Investment Companies
- Form 1120S, U.S. Income Tax Return for an S Corporation
- Form 1120-SF, U.S. Income Tax Return for Designated Settlement Funds (Under section 468B)

**You will need a new EIN if any of the following are true:**

- You are a subsidiary of a corporation and currently use the parent's corporate EIN
- You become a subsidiary of a corporation
- The corporation becomes a partnership or a sole proprietorship
- You create a new corporation after a statutory merger
- You receive a new corporate charter

**You do not need a new EIN if any of the following are true:**

- You are a division of a corporation
- After a corporate merger, the surviving corporation uses its existing EIN
- A corporation declares bankruptcy. However, if a liquidating trust is established for a corporation that is in bankruptcy, an EIN for that trust is required. See Treasury Reg. § 301.7701-4(d)
- Your business name changes
- You change your location or add locations (stores, plants, enterprises or branches)
- You elect to be taxed as an S Corporation by filing Form 2553
- After a corporate reorganization, you only change identity, form, or place of organization
- The corporation is sold and the assets, liabilities and charters are obtained by the buyer

**C. Partnership**

**Definition:**

A partnership is the relationship existing between two or more persons who join together to carry on a trade or business. Each partner contributes money, property, labor or skill, and expects to share in the profits and losses of the business. The term 'partnership' includes a limited partnership, syndicate, group, pool, joint venture, or other unincorporated organization, through or by which any business, financial operation, or venture is carried on. An unincorporated organization with two or more members is generally classified as a partnership for federal tax purposes if its members carry on a trade, business, financial operation, or venture and divide its profits. However, a joint undertaking merely to share expenses is not a partnership. For example, co-ownership of property maintained and rented or leased is not a partnership unless the co-owners provide services to the tenants. The liability of limited partners is limited to their personal investment in the partnership. Limited partnerships are filed with the Secretary of State Office.

## D. Limited Liability Company (LLC)

**Definition:** A limited liability company (LLC) is an entity formed under state or foreign law by filing articles of organization as an LLC. Unlike a partnership, none of the members of an LLC are personally liable for its debts.

**LLC Tax Classification:** Treas. Reg. Section 301.7701-3 provides guidance on classification for limited liability companies. Generally, if the business is an unincorporated business entity, and there are two or more owners, the entity can choose to be a partnership or a corporation. If an unincorporated business entity has only one owner, it can either elect to be a corporation or the entity can be disregarded. If an individual owns a disregarded entity, it is treated as a sole proprietorship. If a corporation owns a disregarded entity, it is treated as a division or branch of the corporation. See Form 8832, Entity Classification Election, for more details.

**NOTE:** While a single member entity, that does not elect corporate status, will default to a disregarded status for some federal tax purposes, they will not be disregarded for all federal tax purposes. For federal employment taxes (after January 1, 2009) and certain excise taxes (after January 1, 2008) they will be treated as separate entities.

### Single Member LLC:

A single member LLC generally has the following choices:

- (1) File Form 8832 to be taxed as a corporation
  - (2) If qualified, file Form 2553, Election by a Small Business Corporation (Under Section 1362 of the Internal Revenue Code), to be taxed as an S corporation
  - (3) Be taxed (by default) as a disregarded entity
- If the single member is an individual, the LLC will be taxed as a sole Proprietorship
  - If the single member is a business entity, the LLC will be taxed as a division of the corporation

### Multiple Member LLC:

A multiple member LLC generally has the following choices:

- (1) File Form 8832 to be taxed as a corporation
- (2) If qualified, file Form 2553 to be taxed as an S-Corporation
- (3) Be taxed (by default) as a partnership

**If you are organized as a limited liability company and require an EIN, please refer to the instructions for Form SS-4 for information on completing the form or apply online using the new Modernized Internet EIN application available at [www.irs.gov](http://www.irs.gov) and select “Limited Liability Company” as the type of entity you are establishing.**



## **Trademarks, Copyrights and Patents**

Trademarks, copyrights and patents are always to protect your work. This section will help you know which type of registration you need and where it can be registered.

### **How to Register a Trademark...**

A trademark is a word, name or symbol used to identify your goods or services to distinguish them from those sold by other people. It indicates who made the product and, through advertising, should guarantee the quality of the items with the mark on them. Remember, a trademark identifies a product. A trade name identifies the producer.

### **How are trademark rights established?**

The rights of the trademark are established when the word, name or symbol is used in commerce. Protection of your trademark comes from using it, not simply registering it.

### **Where to register a trademark?**

You may register your trademark with the LA Secretary of State Office, Corporations Division, if you sell your product only in LA. If you want exclusive rights to the trademark nationally, you must register your trademark with the U.S. Department of Commerce (Federal Government, U.S. Commissioner of Patents and Trademarks, Department of Commerce, Washington, D.C. 20231). Along with a written application, you must submit a drawing of the mark, 5 original facsimiles (no Xerox copies; originals must be on 8 ½ x 11 paper and all facsimiles may be no larger than 2”) and a filing fee of \$200.00.

### **What are the terms of the trademark?**

Trademarks registered in Louisiana are valid for ten years and may be renewed for additional ten-year terms, so long as the goods and services are still being used in business. Between the fifth and sixth year, you must file an “affidavit of use” to certify that you are still using the trademark in commerce.

### **How to register a copyright...**

A copyright protects an original literary, drama, and artistic work, whether published or unpublished. Copyrights may include, but are not limited to literary, music, musical score, pantomime, pictorics or audiovisuals or sound recordings. Copyright registration is to keep a public record of work that has been copyrighted. Unless the copyright is registered, a disagreement may end up in court. Where to register a copyright? You may receive an application and receive more information by calling: Copyright Office – Registration, Library of Congress, Washington, D.C. 20231. (202) 479-0700.

**LOUISIANA SECRETARY OF STATE FEE SCHEDULE****Corporations/Trademarks/Partnerships/Limited Liability Companies****Domestic Corporations & Limited Liability Companies**

- (1) Reservation of corporate name or limited liability company name \$ 25
- (2) Filing and recording articles of incorporation; amended articles; dissolution proceedings; termination of dissolution proceedings; reinstatement proceedings; merger proceedings and certificate of correction \$ 60
- (3) Filing and recording articles of organization; amended articles; dissolution proceedings; termination of dissolution proceedings; reinstatement proceedings; merger proceedings and certificate of correction \$ 75

Fee for additional certified copies \$ 15

Fee for additional certificates \$ 20

Certified copies with amendments \$ 25

Copies with amendments \$ 25

- (4) Issuing and sealing any other certificate required or permitted by the Business Corporation or the Limited Liability Company Law \$ 20
- (5) Agent or officer resignation; appointment of registered agent; change of domicile; appointment of new officers/directors or members/managers; change of agent, officers/directors or members/managers address \$ 25
- (6) Supplemental initial report \$ 25
- (7) Annual report (corporations/limited liability companies) \$ 25

**Non-Profit Corporations**

- (1) Filing and recording articles of incorporation; amended articles; dissolution proceedings; termination of dissolution proceedings; reinstatement proceedings; merger proceedings and certificate of correction \$ 60
- (2) Issuing and sealing any other certificate required or permitted by Non-Profit Corporation Law \$ 20
- (3) Agent or officer resignation; appointment of registered agent; change of domicile; appointment of new officers or directors; change of agent, officer or director address \$ 25
- (4) Annual reports \$ 5

**Foreign Corporations & Limited Liability Companies**

- (1) Filing and recording application for authority on corporations; amended applications; withdrawal proceedings; termination of withdrawal proceedings; reinstatement proceedings; merger proceedings and certificate of correction \$100
- (2) Filing and recording application for authority on limited liability company; amended applications; withdrawal proceedings; termination of withdrawal proceedings; reinstatement proceedings; merger proceedings and certificate of correction \$125

Fee for additional certified copies \$ 15

Fee for additional certificates \$ 20

Certified copies with amendments \$ 25

Copies with amendments \$ 25

**Foreign Corporations & Limited Liability Companies** (cont'd from previous page)

- (3) Issuing and sealing any other certificate required or permitted by Foreign Corporation and Limited Liability Company Law \$ 20
- (4) Agent or officer resignation; appointment of registered agent; change of domicile; appointment of new officers/directors or members/managers; change of agent, officer/director or member/manager address \$ 25
- (5) Annual report (corporations/limited liability companies) \$ 25

**Partnerships & Registered Limited Liability Partnerships Partnership RLL Partnership**

- (1) Filing of partnership forms and filing of amendments of a foreign partnership \$150
- (2) Termination of registration of foreign partnership \$150
- (3) Filing of a contract of partnership, amendment and termination of a domestic partnership or original or renewal forms, merger or consolidation of a registered limited liability partnership \$100 - \$125
- (4) Certification of partnerships or certified copies for registered limited liability partnerships \$2 + \$1 per page
- (5) Additional certificates for partnerships or additional certificates for registered limited liability partnerships \$ 20
- (6) Annual report (partnerships) \$ 25

**Trade Name/Trademark/Service Mark**

- (1) Trade name/Trademark/Service mark reservation \$ 25
- (2) Registering a trade name/trademark/service mark \$ 50
- (3) Issuing a copy of any trade name/trademark/service mark document \$ 15
- (4) Sealing and certifying to correctness of trade name/trademark/service mark documents on file \$ 15
- (5) Additional certificates \$ 20
- (6) Renewal of registered trade name/trademark/service mark \$ 50
- (7) Assignment of registered trade name/trademark/service mark \$ 50
- (8) Cancellation of Trade name/Trademark/Service mark \$ 50

**Special Fee**

There will be a \$1 processing fee for each corporate/partnership/limited liability company/trade name letter. (Any request for information such as the correct corporate name, agent for service of process, officers names and addresses, etc., which require a written response, will be mailed a computer letter listing the information.)

**Special Handling Fee**

Expedited one day (24 hour) service is available for an additional fee. \$50

SS332 Rev. 08/08

## **The Role of JEDCO**

The Jefferson Parish Economic Development Commission (JEDCO) is an independent yet, complementary arm of Jefferson Parish. Our main objective is to enhance the business climate and foster progressive economic development in Jefferson Parish. We are committed to helping businesses thrive in Jefferson Parish. Since its inception in 1987, JEDCO has aided thousands of companies through business incubator and loan programs, tax incentives and rebate programs, workforce development and information services. While dedicated to assisting existing Jefferson Parish businesses, JEDCO's efforts also target the recruitment of new businesses for the area. For more information, please visit our web site at [www.jedco.org](http://www.jedco.org)

## **Business Financing**

Resident businesses and companies in Jefferson Parish are eligible for loan programs administered by JEDCO that are designed to meet many financing requirements, including real estate, working capital and equipment.

## **Business Incubator Program**

JEDCO, through its business incubator program, provides an environment conducive to the development of new enterprises. Business counseling, networking opportunities, seminars, office space, and shared administrative services (secretarial, phone, fax and more) are just a few of the services offered to Jefferson Parish businesses during their initial startup phase.

## **Business Outreach**

**Job Retention and Expansion:** Keeping resident businesses satisfied and healthy, while encouraging them to expand in Jefferson Parish, helps create new jobs and private investment. JEDCO's one-on-one meetings, surveys, referrals and customized assistance are designed to help.

**Business Attraction:** Attracting businesses from outside the region is highly competitive. JEDCO develops strategies and incentive packages to promote Jefferson Parish's positive business climate and attractive quality of life to encourage companies to locate here.

**Tax Incentives/Credits/Exemptions/Rebates:** Tax credits for job creation, tax exemptions for manufacturers, rebates of new payroll for qualifying companies, or inventory tax credits for wholesalers and distributors can provide significant savings for qualifying businesses moving to or expanding in Jefferson Parish. Find out if your business qualifies.

## **Economic Development Services**

**Marketing Database:** JEDCO's marketing database contains a detailed, up-to-date, computerized listing of Jefferson Parish businesses. This database can help businesses identify local suppliers and buyers, as well as aid with your company's marketing efforts.

**New Business List:** JEDCO also publishes a monthly list of new Jefferson Parish businesses. Lists may be purchased individually or as an annual subscription.

**Demographics:** Demographic data are available from JEDCO to aid you in preparing your business plan or deciding on your target market. Census data, traffic counts and Jefferson Parish statistics can also be provided. Additional demographic information is available on our web site at [www.jedco.org](http://www.jedco.org).

**Real Estate Database:** Businesses seeking information about available commercial and industrial properties may access this database. The up-to-date listings include warehouse, retail and office space; industrial buildings and available parcels of land. For further assistance, complete the "Sites & Buildings" form on our website.

## **Workforce Solutions**

JEDCO assists employers in accessing workforce training programs and grants as well as resources for recruiting new employees.

## Sample Business Plan

### 1. Executive Summary

#### 1.0 Executive Summary

##### Introduction

Jolly's Java and Bakery (JJB) is a start-up coffee and bakery retail establishment located in southwest Washington. JJB expects to catch the interest of a regular loyal customer base with its broad variety of coffee and pastry products. The company plans to build a strong market position in the town, due to the partners' industry experience and mild competitive climate in the area. JJB aims to offer its products at a competitive price to meet the demand of the middle-to higher-income local market area residents and tourists.

##### The Company

JJB is incorporated in the state of Washington. It is equally owned and managed by its two partners.

Mr. Austin Patterson has extensive experience in sales, marketing, and management, and was vice president of marketing with both Jansonne & Jansonne and Burper Foods. Mr. David Fields brings experience in the area of finance and administration, including a stint as chief financial officer with both Flaxfield Roasters and the national coffee store chain, BuzzCups. The company intends to hire two full-time pastry bakers and six part-time baristas to handle customer service and day to day operations.

##### Products and Services

JJB offers a broad range of coffee and espresso products, all from high quality Columbian grown imported coffee beans. JJB caters to all of its customers by providing each customer coffee and espresso products made to suit the customer, down to the smallest detail. The bakery provides freshly prepared bakery and pastry products at all times during business operations. Six to eight moderate batches of bakery and pastry products are prepared during the day to assure fresh baked goods are always available.

##### The Market

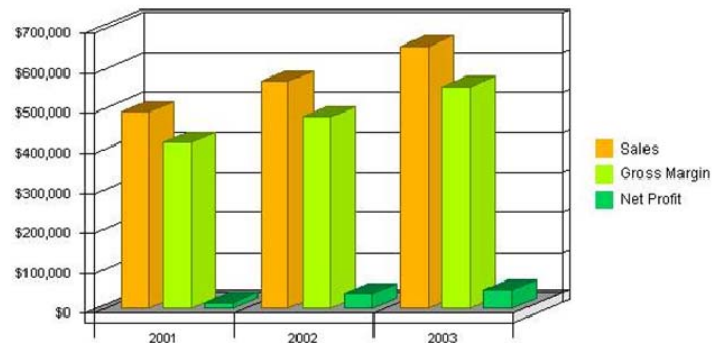
The retail coffee industry in the U.S. has recently experienced rapid growth. The cool marine climate in southwest Washington stimulates consumption of hot beverages throughout the year. JJB wants to establish a large regular customer base, and will therefore concentrate its business and marketing on local residents, which will be the dominant target market. This will establish a healthy, consistent revenue base to ensure stability of the business. In addition, tourist traffic is expected to comprise approximately 35% of the revenues. High visibility and competitive products and service are critical to capture this segment of the market.

##### Financial Considerations

JJB expects to raise \$110,000 of its own capital, and to borrow \$100,000 guaranteed by the SBA as a ten-year loan. This provides the bulk of the current financing required. JJB anticipates sales of about \$491,000 in the first year, \$567,000 in the second year, and \$655,000 in the third year of the plan. JJB should break even by the fourth month of its operation as it steadily increases its sales. Profits for this time period are expected to be approximately \$13,000 in year 1, \$36,000 by year 2, and \$46,000 by year 3. The company does not anticipate any cash flow problems.



## Highlights



### 1.1 Mission

JJB aims to offer high quality coffee, espresso, and pastry products at a competitive price to meet the demand of the middle- to higher-income local market area residents and tourists.

Keys to success for JJB will include:

1. Providing the highest quality product with personal customer service.
2. Competitive pricing.

## 2. Company Summary

### 2.0 Company Summary

JJB is a bakery and coffee shop managed by two partners. These partners represent sales/management and finance/administration areas, respectively. The partners will provide funding from their own savings, which will cover start-up expenses and provide a financial cushion for the first months of operation. A ten-year Small Business Administration (SBA) loan will cover the rest of the required financing. The company plans to build a strong market position in the town, due to the partners' industry experience and mild competitive climate in the area.

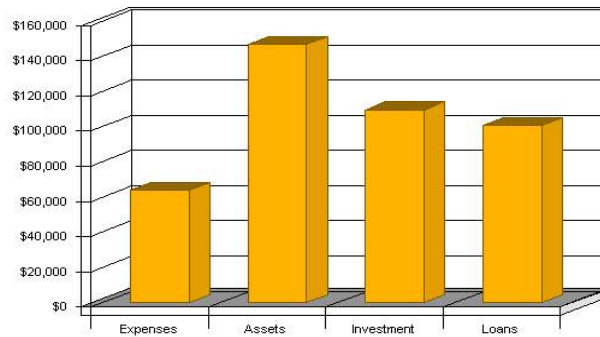
### 2.1 Company Ownership

JJB is incorporated in the state of Washington. It is equally owned by its two partners.

### 2.2 Company History

JJB is a start-up company. Financing will come from the partners' capital and a ten-year SBA loan. The chart and table on the following page illustrate the company's projected initial start-up costs.

### Start-up



## 3. Products

### 3.0 Products

JJB offers a broad range of coffee and espresso products, all from high quality Columbian grown imported coffee beans. JJB caters to all of its customers by providing each customer coffee and espresso products made to suit the customer, down to the smallest detail. The bakery provides freshly prepared bakery and pastry products at all times during business operations. Six to eight moderate batches of bakery and pastry products are prepared during the day to assure fresh baked goods are always available.

## 4. Market Analysis

### 4.0 Market Analysis

JJB's focus is on meeting the demand of a regular local resident customer base, as well as a significant level of tourist traffic from nearby highways.

### 4.1 Market Segmentation

JJB focuses on the middle- and upper-income markets. These market segments consume the majority of coffee and espresso products.

#### Local Residents

JB wants to establish a large regular customer base. This will establish a healthy, consistent revenue base to ensure stability of the business.

#### Tourists

Tourist traffic comprises approximately 35% of the revenues. High visibility and competitive products and service are critical to capture this segment of the market.

#### ***4.1.1 Market Analysis***

The chart and table below outline the total market potential of the above described customer segments.

#### ***4.2 Target Market Segment Strategy***

The dominant target market for JJB is a regular stream of local residents. Personal and expedient customer service at a competitive price is key to maintaining the local market share of this target market.

#### ***4.2.1 Market Needs***

Because Washington has a cool climate for eight months out of the year, hot coffee products are very much in demand. During the remaining warmer four months of the year, iced coffee products are in significantly high demand, along with a slower but consistent demand for hot coffee products. Much of the day's activity occurs in the morning hours before ten a.m., with a relatively steady flow for the remainder of the day.

#### ***4.3 Service Business Analysis***

The retail coffee industry in the U.S. has recently experienced rapid growth. The cool marine climate in southwest Washington stimulates consumption of hot beverages throughout the year. Coffee drinkers in the Pacific Northwest are finicky about the quality of beverages offered at the numerous coffee bars across the region. Despite low competition in the immediate area, JJB will position itself as a place where customers can enjoy a cup of delicious coffee with a fresh pastry in a relaxing environment.

#### ***4.3.1 Competition and Buying Patterns***

Competition in the local area is somewhat sparse and does not provide nearly the level of product quality and customer service as JJB. Local customers are looking for a high quality product in a relaxing atmosphere. They desire a unique, classy experience.

Leading competitors purchase and roast high quality, whole-bean coffees and, along with Italian-style espresso beverages, cold-blended beverages, a variety of pastries and confections, coffee-related accessories and equipment, and a line of premium teas, sell these items primarily through company-operated retail stores. In addition to sales through company-operated retail stores, leading competitors sell coffee and tea products through other channels of distribution (specialty operations).

(cont'd from previous page...)

Larger chains vary their product mix depending upon the size of each store and its location. Larger stores carry a broad selection of whole bean coffees in various sizes and types of packaging, as well as an assortment of coffee- and espresso-making equipment and accessories such as coffee grinders, coffee makers, espresso machines, coffee filters, storage containers, travel tumblers and mugs. Smaller stores and kiosks typically sell a full line of coffee beverages, a more limited selection of whole-bean coffees, and a few accessories such as travel tumblers and logo mugs. During fiscal year 2000, industry retail sales mix by product type was approximately 73% beverages, 14% food items, eight percent whole-bean coffees, and five percent coffee-making equipment and accessories.

Technologically savvy competitors make fresh coffee and coffee-related products conveniently available via mail order and online. Additionally, mail order catalogs offering coffees, certain food items, and select coffee-making equipment and accessories, have been made available by a few larger competitors. Websites offering online stores that allow customers to browse for and purchase coffee, gifts, and other items via the Internet have become more commonplace as well.

## **5. Strategy and Implementation**

### ***5.0 Strategy and Implementation***

JJB will succeed by offering consumers high quality coffee, espresso, and bakery products with personal service at a competitive price.

### ***5.1 Competitive Edge***

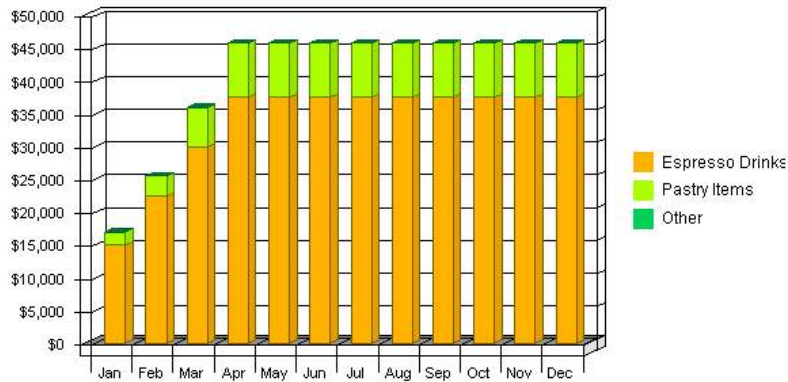
JJB's competitive edge is the relatively low level of competition in the local area in this particular niche.

### ***5.2 Sales Strategy***

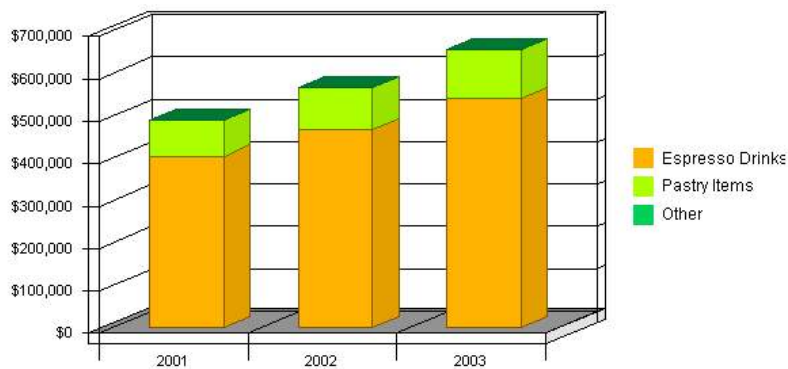
As the table and charts on the following page show, JJB anticipates sales of about \$491,000 in the first year, \$567,000 in the second year, and \$655,000 in the third year of the plan.

<b>Sales Forecast</b>			
	2001	2002	2003
Unit Sales			
Espresso Drinks	135,000	148,500	163,350
Pastry Items	86,000	94,600	104,060
Other	0	0	0
Total Unit Sales	221,000	243,100	267,410
Unit Prices	2001	2002	2003
Espresso Drinks	\$3.00	\$3.15	\$3.31
Pastry Items	\$1.00	\$1.05	\$1.10
Other	\$0.00	\$0.00	\$0.00
Sales			
Espresso Drinks	\$405,000	\$467,775	\$540,280
Pastry Items	\$86,000	\$99,330	\$114,726
Other	\$0	\$0	\$0
Total Sales	\$491,000	\$567,105	\$655,006
Direct Unit Costs	2001	2002	2003
Espresso Drinks	\$0.25	\$0.26	\$0.28
Pastry Items	\$0.50	\$0.53	\$0.55
Other	\$0.00	\$0.00	\$0.00
Direct Cost of Sales			
Espresso Drinks	\$33,750	\$38,981	\$45,023
Pastry Items	\$43,000	\$49,665	\$57,363
Other	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$76,750	\$88,646	\$102,386

### Sales Monthly



### Sales by Year



## 6. Management Team

### 6.0 Management Team

Austin Patterson has extensive experience in sales, marketing, and management, and was vice president of marketing with both Jansonne & Jansonne and Burper Foods. David Fields brings experience in the area of finance and administration, including a stint as chief financial officer with both Flaxfield Roasters and the national coffee store chain, BuzzCups.



### 6.1 Personnel Plan

As the personnel plan shows, JJB expects to make significant investments in sales, sales support, and product development personnel.

<b>Personnel Plan</b>			
	2001	2002	2003
Managers	\$100,000	\$105,000	\$110,250
Pastry Bakers	\$40,800	\$42,840	\$44,982
Baristas	\$120,000	\$126,000	\$132,300
Other	\$0	\$0	\$0
Total People	10	10	10
Total Payroll	\$260,800	\$273,840	\$287,532

## 7. Financial Plan

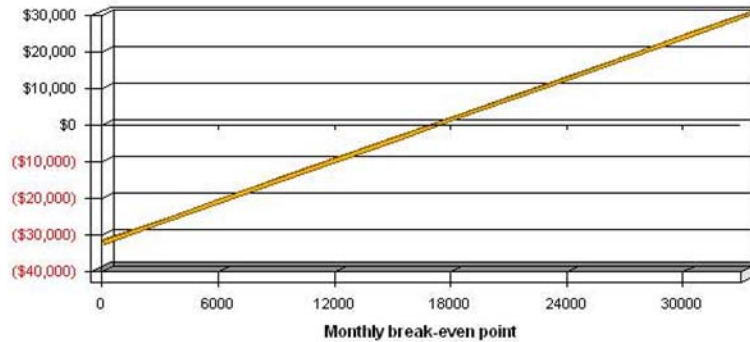
### 7.0 Financial Plan

JJB expects to raise \$110,000 of its own capital, and to borrow \$100,000 guaranteed by the SBA as a ten-year loan. This provides the bulk of the current financing required.

### 7.1 Break-even Analysis

JJB's Break-even Analysis is based on the average of the first-year figures for total sales by units, and by operating expenses. These are presented as per-unit revenue, per-unit cost, and fixed costs. These conservative assumptions make for a more accurate estimate of real risk. JJB should break even by the fourth month of its operation as it steadily increases its sales.

**Break-Even Analysis**



Break-even point = where line intersects with 0

<b>Break-even Analysis</b>	
Monthly Units Break-even	17,255
Monthly Revenue Break-even	\$38,336
Assumptions:	
Average Per-Unit Revenue	\$2.22
Average Per-Unit Variable Cost	\$0.35
Estimated Monthly Fixed Cost	\$32,343

**7.2 Projected Profit and Loss**

As the Profit and Loss table on the following page shows, JJB expects to continue its steady growth in profitability over the next three years of operations.

<b>Pro Forma Profit and Loss</b>			
	2001	2002	2003
Sales	\$491,000	\$567,105	\$655,006
Direct Costs of Goods	\$76,750	\$88,646	\$102,386
Other	\$0	\$0	\$0
	-----	-----	-----
Cost of Goods Sold	\$76,750	\$88,646	\$102,386
Gross Margin	\$414,250	\$478,459	\$552,620
Gross Margin %	84.37%	84.37%	84.37%
Expenses			
Payroll	\$260,800	\$273,840	\$287,532
Sales and Marketing and Other Expenses	\$27,000	\$35,200	\$71,460
Depreciation	\$60,000	\$69,000	\$79,350
Utilities	\$1,200	\$1,260	\$1,323
Payroll Taxes	\$39,120	\$41,076	\$43,130
Other	\$0	\$0	\$0
	-----	-----	-----
Total Operating Expenses	\$388,120	\$420,376	\$482,795

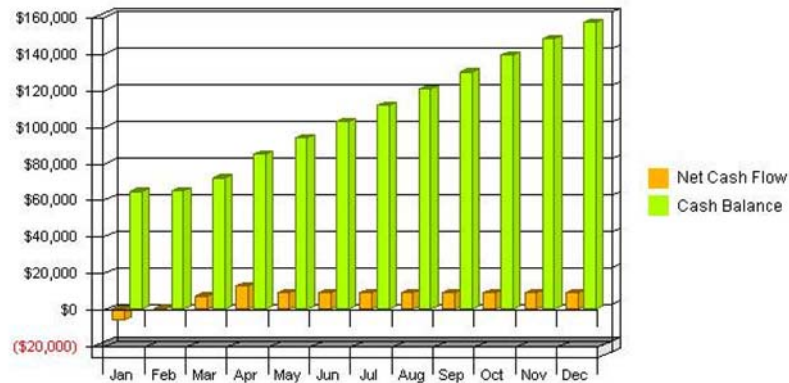
**Pro Forma Profit and Loss** (cont'd from previous page)

Profit Before Interest and Taxes	\$26,130	\$58,083	\$69,825
EBITDA	\$86,130	\$127,083	\$149,175
Interest Expense	\$10,000	\$9,500	\$8,250
Taxes Incurred	\$3,111	\$12,146	\$15,650
Net Profit	\$13,019	\$36,437	\$45,925
Net Profit/Sales	2.65%	6.43%	7.01%

**7.3 Projected Cash Flow**

The cash flow projection shows that provisions for ongoing expenses are adequate to meet JJB's needs as the business generates cash flow sufficient to support operations.

**Cash**



<b>Pro Forma Cash Flow</b>			
	2001	2002	2003
Cash Received			
Cash from Operations			
Cash Sales	\$491,000	\$567,105	\$655,006
Subtotal Cash from Operations	\$491,000	\$567,105	\$655,006
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$491,000	\$567,105	\$655,006
Expenditures	2001	2002	2003
Expenditures from Operations			
Cash Spending	\$260,800	\$273,840	\$287,532
Bill Payments	\$143,607	\$186,964	\$237,731
Subtotal Spent on Operations	\$404,407	\$460,804	\$525,263

**Pro Forma Cash Flow** (cont'd from previous)

Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$10,000	\$15,000
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$20,000	\$20,000
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$404,407	\$490,804	\$560,263
Net Cash Flow	\$86,593	\$76,301	\$94,744
Cash Balance	\$156,593	\$232,894	\$327,637



**7.4 Balance Sheet**

The following is a projected Balance Sheet for JJB.

<b>Pro Forma Balance Sheet</b>			
	2001	2002	2003
Assets			
Current Assets			
Cash	\$156,593	\$232,894	\$327,637
Other Current Assets	\$12,000	\$12,000	\$12,000
Total Current Assets	\$168,593	\$244,894	\$339,637
Long-term Assets			
Long-term Assets	\$65,000	\$85,000	\$105,000
Accumulated Depreciation	\$60,000	\$129,000	\$208,350
Total Long-term Assets	\$5,000	(\$44,000)	(\$103,350)
Total Assets	\$173,593	\$200,894	\$236,287
Liabilities and Capital	2001	2002	2003
Current Liabilities			
Accounts Payable	\$14,574	\$15,438	\$19,907
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$14,574	\$15,438	\$19,907
Long-term Liabilities	\$100,000	\$90,000	\$75,000
Total Liabilities	\$114,574	\$105,438	\$94,907

**Pro Forma Balance Sheet** (cont'd from previous)

Paid-in Capital	\$110,000	\$110,000	\$110,000
Retained Earnings	(\$64,000)	(\$50,981)	(\$14,544)
Earnings	\$13,019	\$36,437	\$45,925
Total Capital	\$59,019	\$95,456	\$141,381
Total Liabilities and Capital	\$173,593	\$200,894	\$236,287
Net Worth	\$59,019	\$95,456	\$141,381

**7.5 Business Ratios**

The following table represents key ratios for the retail bakery and coffee shop industry. These ratios are determined by the Standard Industry Classification (SIC) Index code 5812, Eating Places.

<b>Ratio Analysis</b>				
	2001	2002	2003	Industry Profile
Sales Growth	0.00%	15.50%	15.50%	7.60%
Percent of Total Assets				
Other Current Assets	6.91%	5.97%	5.08%	35.60%
Total Current Assets	97.12%	121.90%	143.74%	43.70%
Long-term Assets	2.88%	-21.90%	-43.74%	56.30%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	8.40%	7.68%	8.42%	32.70%
Long-term Liabilities	57.61%	44.80%	31.74%	28.50%
Total Liabilities	66.00%	52.48%	40.17%	61.20%
Net Worth	34.00%	47.52%	59.83%	38.80%

Ratio Analysis (cont'd from previous page)

Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	84.37%	84.37%	84.37%	60.50%
Selling, General & Administrative Expenses	74.74%	71.43%	71.39%	39.80%
Advertising Expenses	0.49%	1.76%	6.87%	3.20%
Profit Before Interest and Taxes	5.32%	10.24%	10.66%	0.70%
Main Ratios				
Current	11.57	15.86	17.06	0.98
Quick	11.57	15.86	17.06	0.65
Total Debt to Total Assets	66.00%	52.48%	40.17%	61.20%
Pre-tax Return on Net Worth	27.33%	50.90%	43.55%	1.70%
Pre-tax Return on Assets	9.29%	24.18%	26.06%	4.30%
Additional Ratios	2001	2002	2003	
Net Profit Margin	2.65%	6.43%	7.01%	n.a
Return on Equity	22.06%	38.17%	32.48%	n.a
Activity Ratios				
Accounts Payable Turnover	10.79	12.17	12.17	n.a
Payment Days	27	29	27	n.a
Total Asset Turnover	2.83	2.82	2.77	n.a

**Ratio Analysis** (cont'd from previous page)

Debt Ratios				
Debt to Net Worth	1.94	1.10	0.67	n.a
Current Liab. to Liab.	0.13	0.15	0.21	n.a
Liquidity Ratios				
Net Working Capital	\$154,019	\$229,456	\$319,731	n.a
Interest Coverage	2.61	6.11	8.46	n.a
Additional Ratios				
Assets to Sales	0.35	0.35	0.36	n.a
Current Debt/Total Assets	8%	8%	8%	n.a
Acid Test	11.57	15.86	17.06	n.a
Sales/Net Worth	8.32	5.94	4.63	n.a
Dividend Payout	0.00	0.00	0.00	n.a